GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2031
ANSWERED ON:10.12.2015
Gap between Cost of Power Generation and Selling Price
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Will the Minister of POWER be pleased to state:

(a) whether there is a wide gap between the cost of power generation and the selling price of power to the consumers in the country, if so, the details thereof and the reasons therefor, State-wise;

(b) whether power firms owe Coal India around Rs.8,000 crore, if so, the details thereof; and

(c) the steps taken by the Government to minimise the gap between per unit cost of power generation and its selling price to the consumers?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) : Yes, Madam. There exists a gap between cost of generation/ generation tariff and sale price/cost of supply to the end consumer. This is due the fact that in addition to the generation tariff, the cost of supply to the end consumers includes the transmission charges, transmission losses, distribution network charges, distribution losses and commercial losses etc. The average cost of supply and Average Revenue State-wise for the year 2013-14 is at Annex-I.

(b) : As per the information provided by Ministry of Coal, as on 30.11.2015, an amount of ` 8279.19 Crores (provisional) is outstanding against State Electricity Boards and Power Companies, including Independent Power Producers (IPPs) to be paid to Coal India Ltd. The details of the same are at Annex-II.

(c) : Through appropriate policy framework and programmes, the Government is promoting efficiency in generation, transmission and distribution business and also supporting strengthening of the distribution and transmission infrastructure for reducing technical losses, with a view to reduce the total cost of supply of electricity to the consumer. These measures, along with the policy framework of discovery of tariff through competitive bidding will contribute towards lowering of tariff rates.

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